

Exercise session 2

Course: Introductory Econometrics

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Problem 1

Use *wage1.gdt* for this exercise. First, do the tests by hand, then use GRETL built-in calculator (Tools– >Test statistic calculator) to confirm your results.

1. Obtain descriptive statistics on female wages and interpret it.
2. Setup one-sided and two-sided tests that the average wage equals some arbitrary constant. Do formal testing at 5% significance level. Interpret your results.
3. Construct 95% confidence interval for the average female wage. Provide intuition for your result.

Problem 2

Repeat the above exercise for the variance of female wages.

Problem 3

Perform a two-way test for the equality of male and female mean wages. Re-do the test for the equality of variances. Provide intuition.